UNITED STATES DEPARTMENT of the INTERIOR

OFFICE OF THE SECRETARY

For Release MARCH 5, 1963

INTERIOR AWARDS CONTRACT FOR THE PROCESSING AND SALE OF GOVERNMENT-OWNED ALASKA SEALSKINS

Secretary of the Interior Stewart L. Udall announced today the award of a contract for the processing and sale of United States Government-owned sealskins harvested on the Pribilof Islands, Alaska.

The contract was awarded to Supara of Chicago, Illinois. The firm will locate its plant in St. Louis, Missouri. The contract entered into for the period ending December 31, 1974, replaces the former contract with Fouke Fur Company of Greenville, South Carolina, which was terminated on December 31, 1962.

Following an invitation and prospectus issued in June 1962 for processing and selling Government-owned Alaska sealskins, ten firms requested raw sealskins for the purpose of demonstrating their capability for processing quality finished furs. Four firms submitted sample skins as evidence of their technical competency for male and female skins and a fifth firm submitted a proposal for female skins only.

The Department appointed an Industry Panel of five to examine and evaluate the skins processed by those firms submitting proposals. In addition the competing skins were subjected to a series of physical and chemical tests performed by the National Bureau of Standards.

Administrative Assistant Secretary D. Otis Beasley said the selection of Supara was based upon the quality of the processed samples as determined by the Industry Panel and the National Bureau of Standards tests, enabling the Government to provide for the uninterrupted handling of sealskins, and assuring the luxury fur industry of the continued availability of finished sealskins that meet the high standards of quality of materials and workmanship expected by the fur industry.

Mr. Beasley said the contract which has been awarded is more favorable to the Government than the previous contract in several respects:

1. For sealskins processed and sold as dressed, dyed, machined and finished sealskins, Supara will receive \$14 per skin plus

- 16% of the average selling price, compared with \$15 per skin plus $17\frac{1}{2}\%$ of the selling price under the old contract.
- 2. For female sealskins processed and sold as sheared, dressed and finished sealskins the Government will pay \$18 per skin selling at \$30 plus 16% of the average selling price in excess of \$30, compared with \$18.75 and $17\frac{1}{2}\%$ under the terminated contract.
- 3. Supara is assured of an annual net profit, before taxes, of \$177,400 which is considered to be a fair and resaonable return on projected income and is subject to adjustment based upon an increase or decrease in income. Excess profits will be turned over to the Government.
- 4. Supara receives no increase in annual profit regardless of volume of sales if expenses exceed 87.375% of Company's income, whereas old contract contained no restriction on expenses or income.
- 5. Discount of 1% allowed buyers under old contract for cash will be discontinued, resulting in additional revenues of more than \$40,000 annually to the Government.
- 6. Supara will assign and transfer to the Government full and entire right in and to inventions and discoveries (except dyes).
- 7. Provision is made for Government to participate in sale of any byproducts; under the old contract the Government received no part of contractor's income from sale of byproducts.

The new contract provides for the redetermination of price after the conclusion of the fourth auction and at five-year intervals thereafter or at any other time at the request of either party.

While the contract covers the period ending December 31, 1974, it may be terminated at any time when Supara fails, in the judgment of the Secretary of the Interior, to maintain the recognized standards of quality of materials and work-manship expected by the fur industry from past experience, except as the same may be a direct result of the condition of the raw skins as furnished by the Government.

The State of Alaska will be the principal beneficiary of the larger return the Government will receive from the processing and selling of sealskins since the State receives 70% of the net proceeds.

The firm of Supara is a joint venture partnership composed of the Pritzker Interests, Chicago, Illinois (experienced in the ownership and management of a wide variety of businesses), National Superior Fur Dressing and Dyeing Company, Chicago, Illinois (engaged in fur dressing and processing since 1912), and the Superior Fur Dyeing Company, New York, New York (founded in 1915 and noted for fur dyeing).

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